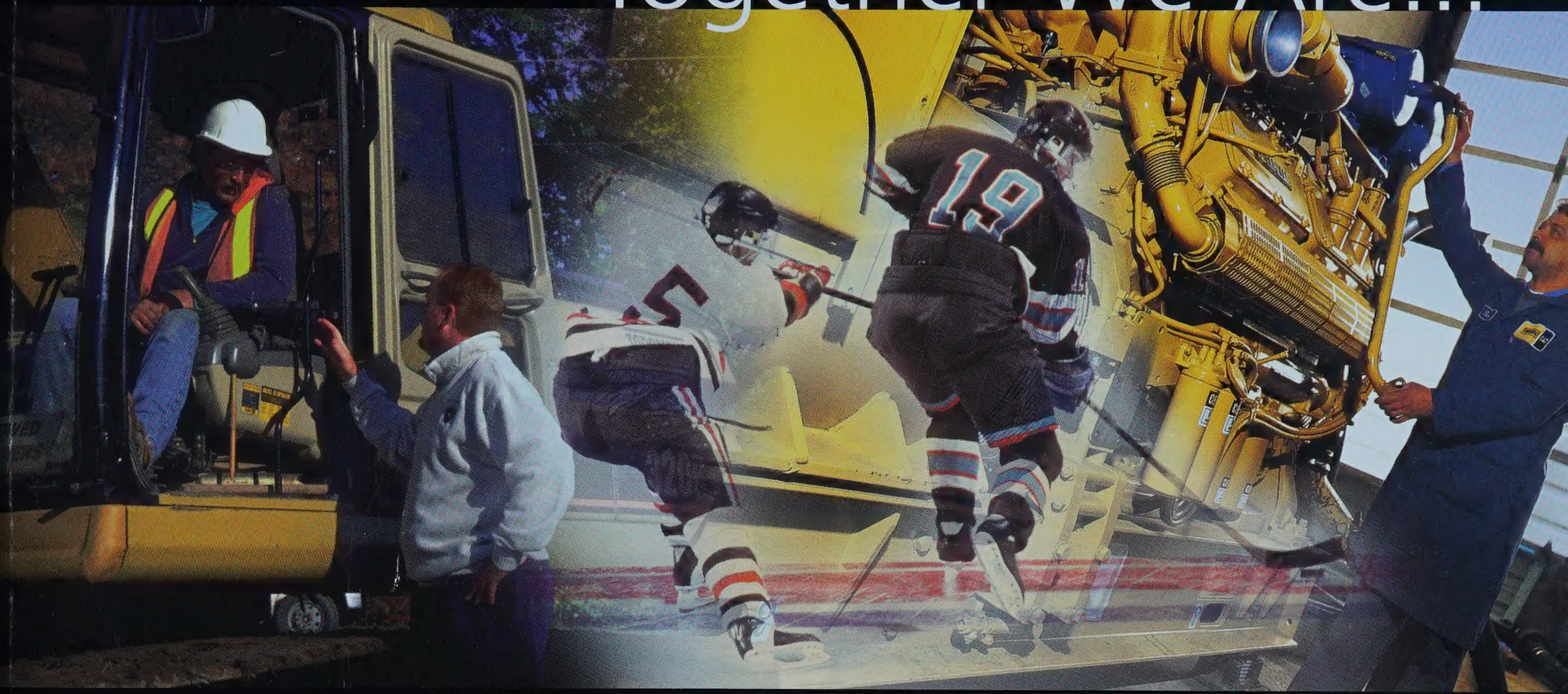
Together We Are...



TOROMONT

TOROMONT INDUSTRIES LTD. 1999 ANNUAL REPORT

Toromont's long-term success is firmly rooted in the strength it derives from four critical constituencies. Each contributes to our track record; each is rewarded by our achievements; and each is individually vital to making us who we are: a Canadian company serving the needs of multiple industries in North America and beyond through two separate, focused business units.

Financial Highlights

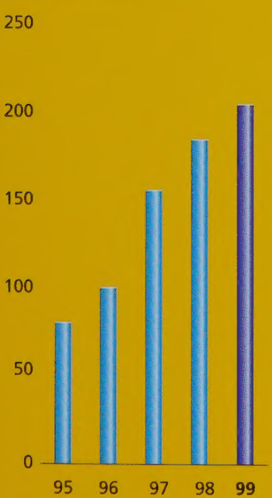
Thousands, except per share data	1999	1998	1997
Revenues	**$ 723,937**	$ 683,482	$ 684,716
Net earnings from operations	**32,057**	28,242	25,674
Gain on sale of non-strategic businesses	**—**	9,946	35,159
Net earnings	**32,057**	38,188	60,833
Working capital	**$ 191,741**	$ 144,109	$ 138,458
Total assets	**528,050**	442,972	434,341
Shareholders' equity	**203,062**	183,596	155,821
Cash from operations before change in non-cash working capital	**49,026**	42,081	39,359
Cash from operations per share	**$ 1.67**	$ 1.43	$ 1.34
Basic earnings per share from operations	**1.09**	0.96	0.88
Gain on sale of non-strategic businesses	**—**	0.34	1.20
Basic earnings per share	**1.09**	1.30	2.08
Dividends per share	**0.28**	0.26	0.20
Equity per share	**6.93**	6.23	5.30
Return on shareholders' equity	**17.5%**	18.1%[1]	25.6%[1]
Shares outstanding			
At year end	**29,288,098**	29,458,210	29,398,868
Weighted average for year	**29,344,114**	29,430,101	29,274,300

[1] Excludes gain on sale of non-strategic businesses.

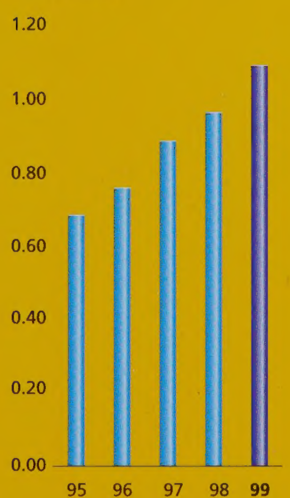
Shareholders

Listed on The Toronto Stock Exchange (symbol TIH), Toromont is publicly owned by some of Canada's most successful pension and mutual funds and hundreds of individuals who look to the Company to deliver superior long-term returns. A significant equity stake in the Company is also held by management and employees.

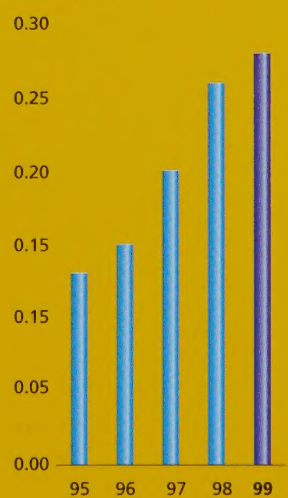
Shareholders' Equity
($ millions)



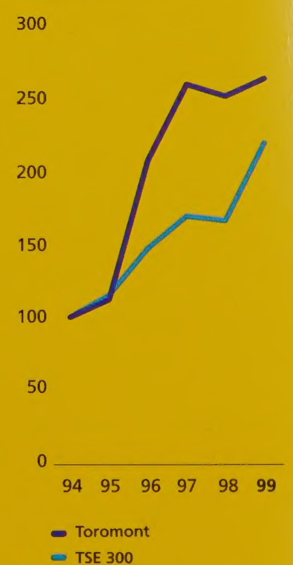
Earnings Per Share
(dollars)



Dividends Per Share
(dollars)



Cumulative Value of $100 Investment Assuming Reinvestment of Dividends
(dollars)



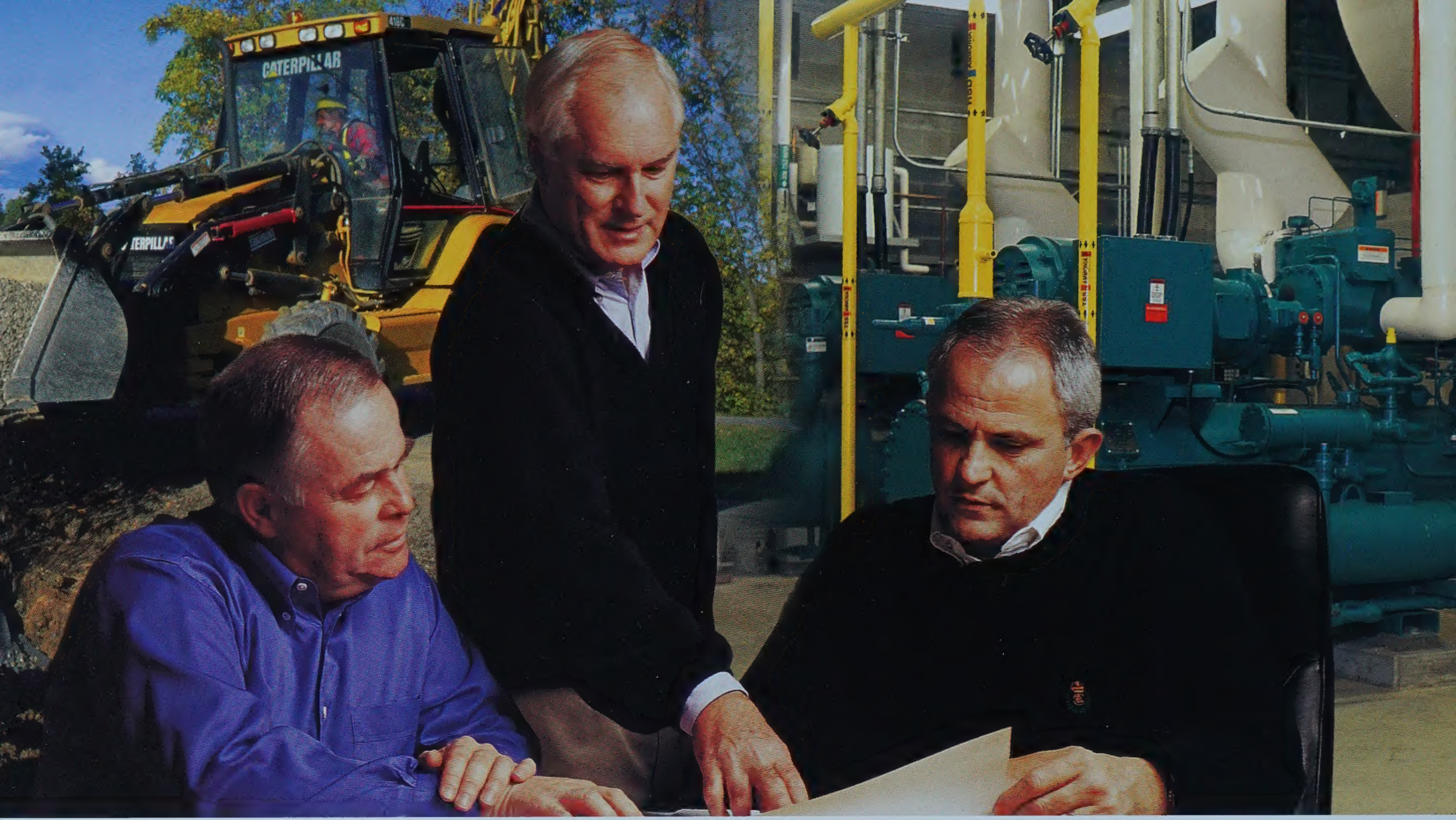
A Powerful

Customers By combining substantial technical expertise, value-added engineering and after-sales support, Toromont has forged long-term relationships with hundreds of customers in Canada and globally in industries such as construction, steel, mining, chemical, petrochemical, forestry, oil, gas, food and beverage processing, sports and entertainment. Toromont also counts among its customers numerous communities that purchase electrical power and recreational ice rink packages.

Combination

Employees Experienced, highly skilled and motivated, Toromont's 2,100 employees bridge the gap between shareholders, customers and suppliers. They are value creators who work tirelessly to make things happen, on time and on budget. They are our principal asset and receive a significant part of their compensation based on performance.

Suppliers Toromont is an industry leader in construction equipment and power systems in the provinces of Ontario and Newfoundland and Labrador, and in refrigeration and process systems throughout North America. A primary supplier to the Equipment Group is Caterpillar, a world-class producer of construction, mining, agricultural, forestry machinery, and of reciprocating engines and engine systems. Toromont derives significant advantages from its strategic relationship with the Caterpillar family. While Caterpillar is a primary supplier, we also enjoy important relationships and partnerships with many other leading companies in the equipment sector. Success in refrigeration and process systems is founded on a long-standing representation for global corporations such as York International and Mycom.



WAYNE S. HILL
Vice President, Finance and Chief Financial Officer

ROBERT M. OGILVIE
Chairman and Chief Executive Officer

HUGO T. SØRENSEN
President and Chief Operating Officer

Fellow Shareholders: We had another strong year in 1999. Revenue increased 9% and net earnings were up 14%. Return on shareholders' equity was 17.5%.

Over the past decade Toromont has posted impressive results: revenues were up 277%; earnings per share increased 627%; dividends grew 433%; and, the year-end stock price was 1100% higher. Average return on shareholders' equity was 26.5%, 32.1% for the past five years. Notwithstanding the recent frenzy for Internet-related stocks, this performance places Toromont in the top decile of Toronto Stock Exchange stocks.

Toromont is a focused company. We are attracted to businesses where we can be a market leader, that have barriers to entry, that have significant ongoing product support requirements and that present opportunities for growth. We have been disciplined about exiting businesses that are not likely to meet our criteria.

We are dedicated to developing long-term, mutually rewarding relationships with our customers, our employees, our suppliers and our shareholders. We are constantly seeking ways to serve each of our stakeholders better.

1990

- *Consolidated revenue $192 million*
- *Process Systems purchased*

1993

- *Ontario Caterpillar dealership acquired*
- *Public share issue*
- *$17 million proceeds from Enerflex IPO; Enerflex ownership stake diluted to 30%*

Our balance sheet has always been strong relative to our competition and is particularly so now. At year-end, debt net of cash and short-term investments was only 20% of equity. There are no intangible assets such as goodwill on our balance sheet.

Our employees deliver our performance. They are empowered and appropriately rewarded for results. As they own close to 20% of the shares of the Company, they are also dedicated to long-term share performance.

We invest heavily in leading-edge information systems so that our employees at all levels have access to up-to-date information, allowing them to monitor results and assets to achieve optimum performance. Likewise, we are steadily adding information modules to our customer interfaces, so that they have access to us and to their information 24 hours a day. Customers of the Caterpillar dealership are able to review oil test results, order parts, search for new and used equipment, and look at their outstanding invoices—just some of the ways in which we make it easier for our customers to work with us.

Battlefield Equipment has grown dramatically from one store and two satellite trailers when we purchased the company in 1996 to 24 branches through acquisitions and greenfield start-ups. Two additional locations were added in 1999, and Battlefield is off to a good start in 2000 with the previously announced acquisition of Craig Equipment, opening up the Ottawa Valley market. Simultaneously, Battlefield has continued to expand its scope of supply to customers. In 1999, Battlefield began to distribute the new Caterpillar Compact Construction line of equipment, which includes skid-steer loaders, mini-wheel loaders and mini-excavators.

Toromont Process achieved several important breakthroughs in 1999, including new customers in the United States and United Kingdom, additional market penetration in western Canada and the first ever sales of gas compression equipment to Australia and Russia. Another accomplishment was a strategic partnership with a compressor manufacturer that extends Process Systems' product range and market reach. These initiatives position Toromont Process for accelerated growth in markets that are recovering from low oil prices and the Asian economic slowdown.

CIMCO will build ice rink surfaces for the NHL's newest entrants in Ohio and Minnesota, bringing its installed base of NHL facilities to 21. High profile installations, such as these and others for NBA multi-purpose arenas, also assist in CIMCO sales of community ice rink packages in North America, the United Kingdom, Europe and the Middle East. In the industrial refrigeration market, CIMCO will benefit from a recently signed strategic supply agreement with a major

1994

- *Two-for-one stock split*
- *New Process Refrigeration facility opens in Calgary*

1996

- *Revenue surpasses $500 million*
- *Battlefield Equipment Rentals acquired*
- *Newfoundland/Labrador Caterpillar dealership purchased*
- *Process Systems doubles capacity with new Houston facility & Calgary expansion*
- *Two-for-one stock split*
- *$30 million private debt placement*

Canadian food products company as well as ongoing demand from cold storage, food processing and related companies for technologically-advanced equipment, fully supported by customer service agreements.

Toromont Cat signed the largest contract in its history for equipment and long-term product support. This contract was indicative of the tremendous progress made throughout Toromont in developing long-term service and supply arrangements that dramatically reduce customers' capital employed and operating and maintenance costs, while improving machine availability and production flexibility.

In every corner of Toromont, the focus is on profitably extending our track record of growth. We believe our businesses are well positioned to achieve this objective on a long-term basis. Meanwhile, your executives are focusing their efforts on new initiatives that will accelerate our growth. One such opportunity is in power generation.

Along with many other jurisdictions in North America, Ontario is in the process of deregulating its power generation and distribution monopoly. In addition to creating opportunities for independent power generation, it raises issues such as reliability of supply and market pricing exposure for power consumers. Caterpillar and its dealers, including Toromont, are the worldwide leaders in power generation involving diesel and natural gas-fuelled reciprocating engines, turbines and co-generation. *Toromont Energy* was formed as a stand-alone business unit in 1998 to focus on the opportunities expected to arise from impending deregulation of the power generation and distribution industry in Ontario.

Our preference is to sell or lease power generation equipment to our customers and thereafter to enter into long-term support agreements. However, it is evident that many would prefer to outsource this equipment to a reliable supplier, while receiving benefits such as assured supply of power and steam at lower costs. Accordingly, we have begun to build a portfolio of owned and operated power generation and co-generation assets. In 1999, we invested $20 million, up from $2 million in our first year. We are on target to invest over $30 million in 2000. At this pace, power generation will soon become a major investment for your Company and, we expect, a significant future contributor to Toromont's bottom line. As these power plants have expected useful lives exceeding 20 years, we are developing an annuity that will provide stable income and cash flow over the business cycle. Our strong balance sheet enables us to build a significant portfolio without having to source additional equity.

1997

- *30% Enerflex Systems stake sold for $90 million*
- *Process Systems doubles revenues and earnings*

1998

- *Commercial refrigeration divested ($26 million proceeds)*
- *CIMCO named NHL's "Preferred Ice Rink Equipment Supplier"*
- *Two-for-one stock split*
- *Battlefield's network expands to 22 locations*
- *Caterpillar Compact Construction Equipment line launched*

To ensure your Company maintains its "best-in-class" results in the future, we will continue to invest in areas offering the best long-term returns. In 1999, we committed $30 million to new and upgraded facilities, rental fleet additions and information technology. We are also investing heavily in employee training, education and succession planning programs with a view to developing Toromont's leaders of tomorrow.

Outlook

Year-end backlogs were higher than a year ago, indicating continued momentum in 2000. The areas of strength that delivered the strong performance of 1999 continue unabated in 2000. All markets in Canada continue to perform well below their potential and historical peaks, indicating some upside. Construction markets in Ontario remain bullish. The growing political will to invest in highway and other infrastructure projects should continue to stimulate construction and demand for our equipment and services. With recovery of cash flows in the energy industry and some improvement evident in forestry and mining, we expect these sectors to provide some growth in the coming year.

We are actively seeking acquisition opportunities to complement our existing businesses.

We are pleased to report that your Board has approved a four cent increase in the annual dividend to 32 cents, or 8 cents per quarter, effective with the April 3, 2000 payment. This dividend is the eleventh consecutive annual increase.

We are delighted that Mr. Ronald G. Gage has joined our Board of Directors. Ron recently retired as Chairman and Chief Executive Officer of Ernst & Young LLP, Chartered Accountants. He brings many years of financial and management experience to Toromont.

We thank those who have contributed to our success, particularly our customers, our 2,100 employees and our suppliers. We gratefully acknowledge the valuable advice provided by our dedicated Board of Directors. Finally and sincerely, we thank our shareholders for their continued interest and support.

Robert M. Ogilvie
Chairman and Chief Executive Officer
February 2000

1999

- *Revenue exceeds $700 million*
- *Return on shareholders' equity averages 26.5% over the decade*
- *Dividend increased 10th consecutive year (31st consecutive year of dividend payment)*
- *Toromont CAT signs largest Customer Support Agreement; CIMCO completes largest project in 86-year history*
- *$60 million debt offering completed*
- *Finishes century with record profitability*

A 992G WHEEL LOADER is part of a fleet of advanced products used by a major aggregates company in Ontario. Toromont provides the equipment and the ongoing customer support necessary to keep heavy equipment working at peak efficiency—in challenging conditions like quarries—long after the point of purchase.

In the world of heavy equipment, one name—Caterpillar—stands out. Caterpillar is synonymous with reliability, quality and innovation, as builder of the most comprehensive line of rugged, technologically-advanced machines in the industry.

TOROMONT Delivers It

Caterpillar is committed to extending its leadership position. As a Caterpillar dealer, Toromont is positioned to play a significant role in this growth story. Through targeted investments of more than $47 million since 1995, Toromont has developed a broad base of 17 modern, well-equipped branches throughout its Ontario, Newfoundland and Labrador territories to serve customers where they do business.

It is more than geographic reach and product that support Toromont's growth. Toromont puts its own stamp of commitment on the Caterpillar brand name through a number of value-added, time-of-purchase and after-purchase initiatives. One such undertaking is tailored Customer Support Agreements that provide equipment buyers with regularly scheduled maintenance and repairs at a pre-set price over the life of their machines. These programs bring predictability to customers' future cash flow requirements, increase machine uptime, and lengthen equipment lifecycles.

Rounding out the Toromont advantage is a seasoned sales team that provides specialized advice to help each customer select the right equipment. Electronic commerce solutions for new and used equipment ordering, resale and leaseback arrangements allow customers to buy on their own terms.

(left) [illegible] **Caterpillar equipment for general construction. Here a customer and a Toromont representative are pictured with an excavator from the popular 330 series.**

(centre) [illegible] **Caterpillar paving rollers used extensively in the road construction industry. Major public infrastructure projects—such as east and west extensions of Highway 407 in southern Ontario—are expected to power the construction industry in Toromont's territories in this new century.**

(right) [illegible] **reviews the capabilities of a Caterpillar D3C tractor with a long-time customer. Matching the right equipment to our customer's needs is a key part of helping them to be more profitable.**

HEAVY EQUIPMENT utilization rates have increased dramatically. Toromont's highly trained and well-equipped field service technicians keep customers working efficiently by bringing a wide variety of services directly to the job site—including portable line boring and lubrication.

(inset) IN 1999, TOROMONT CAT CONDUCTED 60 customer training courses, giving equipment users first-hand instruction on a variety of important issues.

Time is money.
Equipment downtime means lost revenue for our customers.
Toromont understands this simple equation and has created a service organization dedicated to lowering total costs of ownership and keeping customers fully productive at all times.

TOROMONT Services It

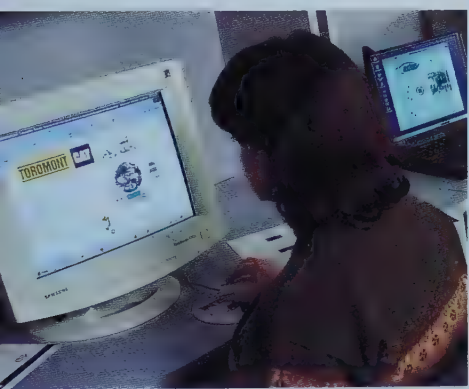
Toromont CAT is the only heavy equipment dealer in its territories to offer comprehensive remanufacturing capabilities, job-site line boring and lubrication, fluid analysis with expert results interpretation and repair financing.

Comprehensive repair facilities are found in all Toromont CAT branches, complemented by more than 90 field service technicians who troubleshoot with sophisticated portable computer diagnostic equipment and order parts on-line from the nearest branch stocking point. This mobile maintenance capability is backed by advanced oil analysis and fuel injection rebuild laboratories.

Inside the 80,000-square-foot Croman remanufacturing centre, technicians thoroughly analyze the content and condition of oil samples, informing customers of results on-line—through a secure Internet connection or by phone—to identify potential engine, transmission or hydraulic wear problems before they result in costly failure. The fuel injection lab rebuilds, tests and calibrates these components, using the most sophisticated equipment available.

In other specialized facilities, Toromont rebuilds Caterpillar and OEM engines, transmissions, hydraulic pumps, cylinders and components to original specifications, offering industry-leading warranties on all work.

To service heavy equipment on a cost effective basis, particularly sophisticated electronics, an extensive support network is vital. Toromont has the critical mass and the knowledge that comes from maintaining fleets for some of Canada's largest heavy equipment users. In 1999 alone, Toromont tested more than 50,000 oil samples and rebuilt more than 5,500 components.



(left) [illegible] **offers customers on-line services that include parts ordering and specifications on new and used equipment for sale through its web site www.toromont.com.**

(centre) THE CROMAN FACILITY IN CONCORD, ONTARIO **is a mainstay of Toromont's service capability. Here a Toromont technician works to rebuild a Caterpillar engine, which will be sold with an industry-leading warranty.**

(right) [illegible] **oil content is thoroughly analyzed at Croman and results posted "on-line" for customers to review. This increases efficiency and helps customers avoid costly engine damage.**

TOROMONT POWER SYSTEMS on-highway truck division provides many services—including advanced engine diagnostics—to support users of Caterpillar diesel and alternative fuel truck engines. Toromont is the market leader in the heavy duty truck engine market.

(inset) THIS TRUCK IS UNDERGOING DYNAMOMETER TESTING, just one of the services Toromont Power Systems provides users of Caterpillar on-highway truck engines. Power Systems support network of 10 branches is complemented by 81 OEM-affiliated TEPS dealers.

Toromont's on-highway truck team and its network of authorized Truck Engine Product Support (TEPS) dealers go that extra mile to keep customers on the road.

TOROMONT Moves It

This group of professionals is dedicated to providing marketing, service and technical support to thousands of truck engine users and Original Equipment Manufacturer (OEM) dealers. The on-highway truck team assists dealers and their customers to efficiently integrate the latest Caterpillar truck engine advancements into leading OEM trucks and buses.

The extensive range of Caterpillar diesel and alternative fuel truck engines requires Toromont Power Systems to balance intimate product knowledge with an appreciation of OEM dealer and fleet requirements.

By understanding these needs and capitalizing on one of the world's most recognizable names in truck engines, Toromont Power Systems has achieved leadership in the heavy duty truck engine market and also made significant market share gains in the mid-range market.

In addition to great products—readily available from Caterpillar's state-of-the-art manufacturing plants—Toromont Power Systems also derives an advantage by offering an extensive after-sales support network. In Toromont's region alone, this network includes 10 Toromont CAT branches incorporating 75 dedicated truck bays as well as 81 Caterpillar-authorized, OEM-affiliated, Truck Engine Product Support (TEPS) dealers.

Linked to Toromont through Caterpillar PC software, the TEPS network performs a vital role as they order engine parts on-line, electronically gather the latest information on new products and provide the same high level of customer support as OEM dealers in every corner of Toromont's region.

Together, TEPS dealers and Toromont Power Systems go that extra mile to move their customers.

WITH EXCELLENT FUEL ECONOMY AND A REPUTATION FOR RELIABILITY, **Caterpillar engines are the power system of choice for many purchasers of Ford, GMC, Kenworth, Peterbilt, Freightliner, Western Star, Navistar and Sterling on-highway trucks.**

"We've been a customer of Toromont since 1988 and use Caterpillar power exclusively for our fleet of trucks. Aside from great technology, what sets Toromont apart is their people. They leave nothing to chance. They make Toromont an ideal supplier." ***Keith Sabiston, President, Triple K Transport Ltd.***

Toromont Power Systems is where
Ontario and Newfoundland turn for power.

TOROMONT Powers It

Whether it's Caterpillar and Olympian generator sets for prime power and emergency standby applications, Caterpillar marine propulsion engines and auxiliary generator sets for pleasure craft and commercial applications, or industrial engines for OEM and other customer applications, Toromont Power Systems sells it, packages it and services it.

Toromont Power Systems is a single-source, turn-key equipment provider—the only one in its territories. It is also a highly diversified, customer-focused business.

Through its technical sales and engineering groups, Power Systems designs power packages to meet the exacting requirements of each customer. Starting with off-the-shelf products, such as marine propulsion and auxiliary systems from 81 to 15,000 horsepower, Toromont custom engineers the system to optimize performance and fuel economy. For standby and prime power generation, Power Systems customizes diesel and spark-ignited reciprocating engines capable of producing between eight and 12,000 kilowatts of power.

Toromont Power Systems also provides value-added extras such as operator training and 24-hours-a-day customer support. A single call to the 24-hour Toromont Rental Power hotline (416.667.5544) brings electrical power generation, transformers, distribution equipment and temperature control equipment (including chillers, air handlers, air conditioners and heaters) to the customer's jobsite quickly and cost effectively.

Through these customer-focused activities, Toromont makes the most of the world's best line-up of power systems equipment.

(left) **[illegible] a 24-hours-a-day rental service, allowing customers to source power generation equipment quickly and cost effectively for as long as they need it. On-site delivery, set-up and training are all part of this popular service.**

(centre) **[illegible] for institutions such as this new bank facility under construction in Mississauga, Ontario. Toromont Power Systems not only identifies the right power system for the application, it also designs, packages, installs and services it.**

(inset) POWER PACKAGES ARE USED FOR MANY DIFFERENT APPLICATIONS. In 1999, Toromont designed and built multiple-unit power systems packages for use by United Nations peacekeepers in Kosovo.

THE MARINE MARKET—including both commercial and pleasure craft—is an important niche. In 1999, Toromont designed and installed propulsion engines for two heavily used passenger/car ferries—Wolfe Island III and the Georgina Island Ferry.

The electrical energy industry is changing.
With deregulation resulting in greater choice for industrial and community energy users, the demand for new power generation options, including those presented by Toromont Energy, has grown.

TOROMONT Energizes It

As a leading developer of off-grid, district energy and co-generation projects, Toromont Energy has built its franchise on four pillars: technology, knowledge, service and capital.

Toromont Energy builds all of its projects using Caterpillar's broad base of power generation technology with world class efficiency.

Using the knowledge gained from developing more than 50 high efficiency power plants over the past 15 years, and extensive in-house engineering and construction management resources, Toromont Energy skillfully applies this proven technology. Its turn-key design-build services provide substantial value-added for today's demanding marketplace.

Whether it's a sophisticated power generation system or energy delivered from one of our plants, our success is a result of the reliability and worry-free operation of Caterpillar technology and our value-added service. 24-hour parts support, and continual remote monitoring by operations staff, delivers an essential level of service customers requiring reliable power.

Toromont Energy is positioned to go a step further. When economics warrant, Toromont has the capital to invest in power generation assets. As a partial or full owner, Toromont can become the energy provider, allowing energy users to remain focused on their core businesses.

In these ways, Toromont Energy is focused on bringing the benefits of deregulation to energy users everywhere.

(left) [illegible] **are a major competitive advantage in deregulating electricity markets. District energy projects can be designed, built and installed rapidly and efficiently, using proven Caterpillar technology.**

(right) [illegible] **this 3.7 megawatt powerplant in Waterloo, Ontario cleans corrosive landfill gas and uses it to power Caterpillar generator sets. The plant produces "green" electrical power that is marketed by Ontario Power Generation to Ontario consumers. It is one of four facilities owned by Toromont Energy using its "build-own-operate" approach.**

THE SUDBURY DISTRICT ENERGY CORPORATION is a joint initiative between the City of Sudbury, Sudbury Hydro and Toromont. Opened in fall 1999, the plant provides reliable, efficient heating and cooling for downtown Sudbury.

"Sudbury is committed to innovation. One of the best examples of this commitment is our partnership with Toromont Energy. Together, we've launched a leading-edge enterprise that is changing the way energy is generated for our downtown core. The benefits to the environment and energy consumers are tremendous." ***Jim Gordon, Mayor, Sudbury, Ontario***

BATTLEFIELD
EQUIPMENT RENTALS

BATTLEFIELD IS HIGHLY VISIBLE ACROSS ITS TERRITORIES with distinctive corporate branding. As an official "Cat Rental Store" Battlefield carries an exciting line-up of equipment, including Caterpillar.

(inset) SUPPORTING INDUSTRIAL, steel, automotive and petrochemical industry customers with electrical, mechanical and plant maintenance services, JobSite is an important part of Battlefield's capabilities.

Skid steer loaders, mini-excavators, backhoes, tower lights, power tools, chain saws, digital highway boards, large air compressors, generator sets, pumps, material handling and aerial reach products are all available at Battlefield. Battlefield Equipment Rentals is the place to call for daily, weekly or monthly rentals of reliable, brand name construction and industrial equipment.

BATTLEFIELD Rents It

Battlefield maintains a rental fleet of more than $50 million, representing 75 high quality suppliers including Caterpillar, available in 24 fully-equipped, strategically-located storefronts throughout Ontario and Newfoundland. Combined with highly responsive door-to-door service, supported by more than 150 delivery vehicles, Battlefield is a market leader.

Battlefield's value proposition is compelling. It not only offers a broad tool kit covering everything commonly needed in residential and industrial construction and maintenance; its team of 300 employees also provides the expertise needed to match the equipment and the rental term to the user. Through its delivery and in-field technical support services, Battlefield provides the responsiveness that is critical to today's contractors.

To remain at the forefront of its markets, Battlefield has recently launched two significant initiatives. In addition to rental equipment, Battlefield has become the authorized distributor of Caterpillar's exciting new line of compact construction equipment. Through its expanding JobSite Equipment service, Battlefield has greater capabilities to support industrial, steel, automotive and petrochemical customers.

(left) **[illegible] in Windsor and Toronto in 1999, and added to its presence through strategic acquisitions. Inside a Battlefield store, customers find a variety of products and responsive, knowledgeable staff to help them select the right equipment.**

(right) **[illegible] is just one of the exciting new products now available for rent or purchase at Battlefield. This machine is ideally suited for residential construction and landscaping applications.**

THIS MODULE IS ONE OF ELEVEN installed in a large liquid petroleum gas (LPG) complex in Venezuela. The system is used to chill three LPG product streams using propane as the refrigerant. The refrigeration compressors are multi-stage centrifugal AC Compressor units driven by 5000 hp Caterpillar Solar Centaur gas turbines.

In the rapidly changing global economy,
challenges face the natural and process gas, chemical and petrochemical industries.
Just as important, there are also opportunities.
Toromont Process Systems is positioned to help its worldwide customers
benefit from its proven expertise.

PROCESS SYSTEMS Compress It

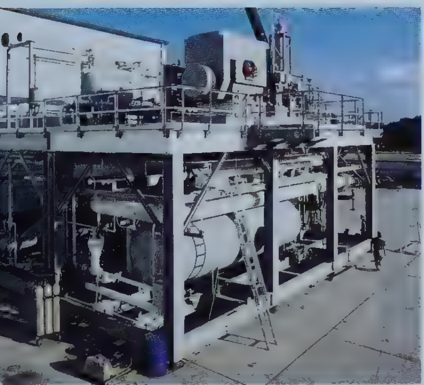
The diverse and cyclical industries served by Toromont Process Systems have a common need to rapidly and cost-effectively deploy specialized modular process class refrigeration and gas compression equipment. This equipment must conform to the latest environmental standards. Often required on short notice, these complex systems play a vital role in natural gas production, industrial gas purification, petroleum refining, carbon dioxide recovery and chemical processing.

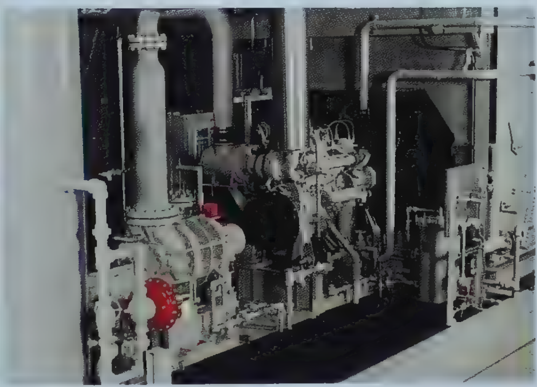
Toromont Process Systems responds to customer needs in many ways. First, it has internationally recognized engineering capabilities—augmented by advanced computer-aided design techniques—that allow each system to be developed quickly to complex and unique specifications.

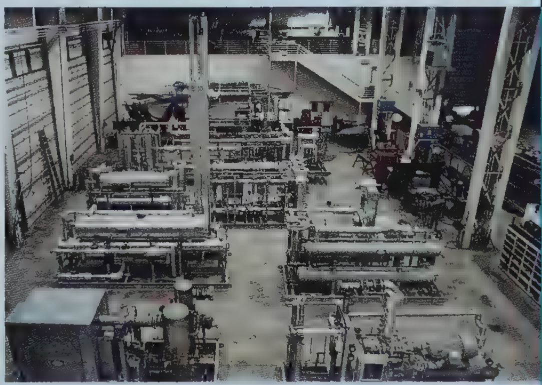
Second, Process Systems' equipment is designed and manufactured in modular form so that standardized systems can be purchased or rented for quick and cost effective deployment. With modular production, new customer plants are designed, existing plants are expanded and repair work is completed with economies of time, space and expense. Process Systems ensures quality with total unit responsibility from concept and sub-component manufacturing through to installation, warranty and custom tailored technical support programs.

Third, Toromont is a leader in using environmentally friendly refrigerants, including CFC alternatives such as ammonia, propane and propylene.

This dedication to meeting individual needs has earned Process Systems a stellar reputation with customers around the globe.







(left) **THIS 5500 HP LOW TEMPERATURE** propylene refrigeration compressor system consists of four large modules integrally connected to form one complete unit. The multi-stage centrifugal compressor is an AC Compressor model VS508. The unit is installed in a major petrochemical complex in Freeport, Texas.

(centre) **THIS 325HP GAS COMPRESSION** unit is equipped with a Caterpillar 3406TA engine driving a Frick TDSH series rotary screw compressor.

(right) **THE MODULES SHOWN ARE FOR A** food grade quality liquid carbon dioxide plant located in Spain. The process includes gas compression, refrigeration, liquefaction, adsorption, distillation and a high temperature reactor system.


TOROMONT
REFRIGERATION
CIMCO
CD
AMMONIA
TOROMONT
CIMCO

There is no ingredient more essential to food and beverage processing than refrigeration.

CIMCO Chills It

As Canada's largest industrial refrigeration supplier, Toromont's CIMCO Refrigeration plays a critical role in keeping food processors, distribution centres, breweries and beverage producers operating at peak efficiency and productivity.

With a highly skilled workforce, CIMCO designs and integrates the technologies required to meet any industrial refrigeration need, including total immersion and individually quick freeze systems. From its 60,000-square-foot manufacturing facility, CIMCO designs and builds refrigeration packages along with component heat exchangers, pressure vessels, electrical control panels, sophisticated hardware and control software. Internally developed by CIMCO's Micro-Monitoring group, the control software continuously checks, operates and regulates the various components integrated in today's complex refrigeration systems.

The demand for advanced industrial refrigeration equipment continues to grow for a number of reasons, including: population growth, industry consolidation, modernization and the increasing value of perishable goods inventories.

CIMCO is ready to meet this demand with full, single-source capabilities for design, production, installation and ongoing maintenance. On an as-needed, 24-hours-a-day basis, CIMCO stands behind its technology with a North American customer support capability. "All inclusive" Customer Support Agreements not only offer customers peace of mind, but also guaranteed maintenance costs. With an enviable 86-year reputation for quality and innovation, CIMCO has earned long-term relationships and preferred supplier status with leading food and beverage companies throughout Canada and the United States.

(left) CIMCO COMPLETED SEVERAL LARGE-SCALE PROJECTS in 1999 including three major installations for **Atlas Cold Storage,** three for the **Sobey** and **Serca Food Service** groups, two for **McCain Foods**, plus a multi-million dollar order for Nestlé. CIMCO enjoys long-term, strategic relationships with its customers that, in many cases, make it a preferred supplier.

(right) COMMISSIONED IN THE FALL OF 1999, the 400,000-square-foot **Maple Leaf Foods** facility in Brandon, Manitoba is the largest pork production plant in Canada. CIMCO engineered, built and installed the industrial refrigeration systems for this state-of-the-art facility.

CURLING IS A POPULAR AND GROWING PASTIME in many countries and CIMCO provides the technology, including infra-red ice temperature controllers to create world-class curling rinks.

(inset) CIMCO IS THE NHL'S PREFERRED ICE RINK SUPPLIER and recently won orders from the league's newest teams, the Minnesota Wild and Columbus Blue Jackets. NBA franchises are also increasingly seeking to build multi-purpose arenas that accommodate ice-skating. Miami Heat's American Airlines Arena, Cleveland Cavalier's Gund Center, the Houston Rocket's Compaq Center and the Indianapolis Pacers' Conseco Field all contain CIMCO-designed, state-of-the-art ice rink surfaces.

What do the skaters in Inuvik and Egypt have in common
with the hockey players of the Toronto Maple Leafs, St. Louis Blues, and other NHL teams?
They all skate on ice rink surfaces created by Toromont's CIMCO Refrigeration.

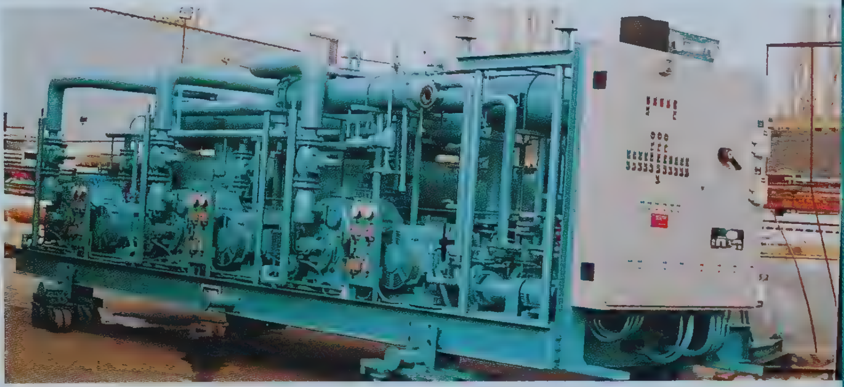
CIMCO Freezes It

CIMCO is recognized the world over as "the" authority on hockey and recreational ice rink technology. In the past decade alone, it has designed and installed more than 500 ice surfaces and pioneered important new advancements such as infra-red ice temperature controllers, plate and frame heat exchangers, CIMCO Desicon dehumidifiers and leading-edge technology arena-packs. These achievements have earned CIMCO a global reputation for innovation and a strategic partnership with the NHL as its preferred supplier of ice rink equipment.

CIMCO looks to lever this track record in combination with its distinct competitive advantages—engineering and field service expertise; flexible manufacturing capabilities; after-sales support; and close relationships with leading architectural, engineering and contracting firms.

These capabilities, coupled with the growth in amateur hockey and worldwide interest in ice-skating and curling, are heating up CIMCO's prospects for the years ahead.

"I can't express to you how satisfied we are with the job CIMCO Refrigeration did at the National Car Rental Center. Our facility and ice, in this tropical climate, are second to none. It was indeed a pleasure to work with you and I wish you every success in the future. You're the best." ***William A. Torrey, President, Florida Panthers Hockey Club***



(left) **CIMCO'S ICE RINK PACKAGES, like this one in Bejing, China, can be quickly and cost effectively deployed anywhere in the world. While North America is CIMCO's prime area of focus, many opportunities have emerged in the United Kingdom, Switzerland, Ireland, Russia, Egypt and the Asia Pacific region.**

(right) **READY FOR SHIPMENT, THIS CIMCO ARENA PAK will be installed in an ice-rink in Russia.**

AERO TECH BUILDS AND INSTALLS its own line of hydronic radiant ceiling panel products for use in many building applications. Some 700 different installations can be found throughout North America.

Electrical enclosures, computer and medical chassis, printing plate processing equipment and municipal / industrial waste water filtration assemblies are just some of the products and components that pass through Toromont's Aero Tech Manufacturing facility.

AERO TECH Fabricates It

This custom precision sheet metal fabricator, based in North Salt Lake, Utah, is a value-added, just-in-time supplier to a variety of North American industries including medical, gaming, electrical and printing. Like the customers it serves, Aero Tech is a dynamic, profitable and entrepreneurial organization.

Aero Tech often plays a big role for its customers by bringing their prototypes to full production through its engineering design and manufacturing capabilities.

These capabilities start with the resident knowledge of Aero Tech's engineering personnel who provide customer support through all phases of product design and development.

Once project specifications are set, Aero Tech employs its experience to manufacture the components and/or sub-assemblies to exacting standards. The products are then finished in-house with a liquid or powder coating application. Throughout the manufacturing process, statistical process control methods are used to ensure defect-free, high-precision fabrication.

The result is rapid, high-spec production, satisfied customers and ongoing opportunities for revenue growth.

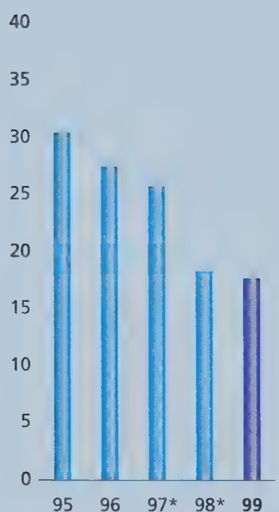
AERO TECH'S TEAM OF SKILLED MACHINE OPERATORS EMPLOYS a wide variety of manufacturing equipment including lasers, punch presses, shears and finishers to deliver high-quality fabricated products to customers. Statistical process controls are used to ensure quality and to prevent defects.

Introduction

Toromont's primary financial objective is to achieve a minimum 15% return on shareholders' equity over the business cycle. Long-term profitable growth is predicated on market leadership, strong product offerings, commitment to customer satisfaction, recruitment and retention of the best people, a culture that promotes results-oriented management, and a strong capital base.

Management Discussion and Analysis

Return on Shareholders' Equity
(percent)



**Before gain on sale of non-strategic businesses*

In 1999 the Company achieved a return on shareholders' equity of 17.5%, exceeding the 15% target for the eighth time in the past 10 years. The most recent five and ten year average returns, at 24% and 21% excluding unusual gains, comfortably exceeded internal targets, despite a tenfold increase in the equity base over the last decade. Consistent financial performance is also a fundamental corporate objective. Results in 1999 represent the thirteenth year of consecutive earnings increases.

Toromont's businesses serve a number of markets. Customers are diverse both geographically and by industry. While the largest single geographic market is the Province of Ontario, substantial sales are derived throughout Canada, the United States and offshore markets. Customers span a wide industry range from construction, infrastructure, steel, forestry and mining, to oil and gas, food processing and beverage, cold storage, recreation and co-generation. This broad customer base, combined with the pursuit of new markets and products, has proven instrumental to the Company's growth.

Toromont's most significant business activity, representing approximately 70% of revenues, is selling, renting and servicing a broad range of construction equipment in Ontario, Newfoundland and Labrador through its Caterpillar dealership and the Battlefield rental services operations. Performance in this segment is strongly related to activity in the residential and commercial construction, road building, aggregates, steel, forestry and mining industries. Other significant components of the Equipment Group include sales and product support activities for Caterpillar engines used in a variety of applications including on-highway trucks, industrial and marine, and the design, construction and servicing of power generation equipment and facilities. Toromont, through Toromont Process and CIMCO, is also a market leader in process, industrial and recreational refrigeration. Results in the Refrigeration Group are influenced by conditions in the major industrial sectors including food processing and beverage, cold storage, food distribution and ice rink construction, and in major process refrigeration market segments spanning the chemical, petrochemical, natural gas and co-generation industries.

Operating Results

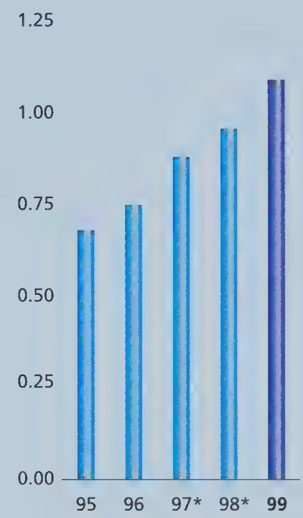
The decade ended with excellent momentum moving into the year 2000. Fourth quarter 1999 earnings represented a new quarterly high.

1999 produced record revenues and earnings from operations. Market activity remained brisk with increased sales of primary equipment adding to Toromont's installed base and feeding higher product support sales.

Earnings per share increased 14% to $1.09 on record revenue and operating results from the Equipment Group, and double digit growth in product support sales in both operating segments. Refrigeration's contribution to earnings for the full year was down from highs in 1998 due to a weak first half in the Process operations, but finished the year strongly. Industrial and recreational refrigeration reported record earnings.

Revenues ($000s)	**1999**	1998	1997
Equipment Group	**$ 510,414**	$ 476,136	$ 428,175
Refrigeration	**213,523**	187,191	191,390
Sub-total	**$ 723,937**	$ 663,327	$ 619,565
Commercial Refrigeration	**—**	20,155	65,151
Consolidated	**$ 723,937**	$ 683,482	$ 684,716

Earnings Per Share
(dollars)



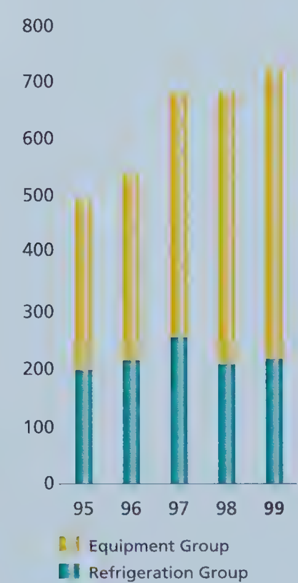
**Before gain on sale of non-strategic businesses*

Consolidated revenues in 1999 were up 9% on a comparable basis. The Equipment Group reported a 7% increase in revenues to surpass the previous high achieved in 1998. Refrigeration revenues were 14% higher than 1998. Consolidated revenues from the supply of equipment and product support activities were up 8% and 12% respectively.

The gross profit margin of 20.1% was down from the record 21.1% margin achieved in 1998. Lower margins on large, competitively-bid package sales in industrial refrigeration, along with lower margins on some large recreational projects completed in the fourth quarter, accounted for half of the variance. Sales mix (lower component of product support business and a lower weighting of process refrigeration revenues) and modestly lower margins on equipment rentals also contributed to the lower margins.

Operating expenses of $92 million were comparable to 1998. Excluding commercial refrigeration, expenses increased by $5 million on the 9% higher revenues. Half of this increase was attributable to a full year of expenses in 1999 relating to businesses acquired during 1998. The balance reflects costs of increased sales staff and expenditures related to information systems in the Equipment and Refrigeration Groups.

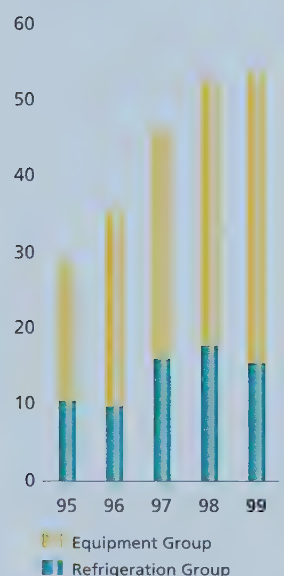
Consolidated Revenues
($ millions)



Operating Income	1999 ($000s)	1999 % to Revenues	1998 ($000s)	1998 % to Revenues	1997 ($000s)	1997 % to Revenues
Equipment Group	**$ 38,276**	**7.5**	$ 34,466	7.2	$ 30,224	7.1
Refrigeration	**15,494**	**7.3**	17,738	8.6	15,881	6.2
Consolidated	**$ 53,770**	**7.4**	$ 52,204	7.6	$ 46,105	6.7

Higher revenues contributed to a 3% increase in consolidated operating income in 1999. Excluding commercial refrigeration from 1998, revenues were up 6% in 1999. The decline in operating margin from 7.6% in 1998 to 7.4% in 1999 was a direct result of the lower gross margins in Refrigeration and increased expenditures on sales coverage and systems as noted above.

Consolidated Operating Income
($ millions)



During the first quarter of 1999, the Company completed a $60 million private placement of fixed debt for maturities of up to 20 years. While additional capital was not an immediate need, money market conditions at that time presented an excellent opportunity to secure long-term funds at attractive interest rates. These funds, together with excess cash from operations during the year, have been placed in liquid investments to optimize returns until required for strategic investments.

The $2.3 million increase in interest expense reflects the higher debt levels, partially offset by lower rates on the $30 million term facility and lower average short-term indebtedness. The increased interest and investment income was attributable to investment of the additional financing proceeds and to the much higher average cash balances during the year.

Income tax expense of $23 million was $1 million higher than 1998, excluding taxes relating to the sale of commercial refrigeration. The effective tax rate of 42.3%, compared to 43.8% for 1998, was favourably influenced by a higher proportion of earnings from operations qualifying for the lower rate of tax on manufacturing and processing profits. Including the impact of the sale of commercial refrigeration, the effective tax rate was 42.4% for 1998.

Equipment Group

Supported by strong economic fundamentals, including relatively low interest rates and low inflation, revenues were 7% higher than 1998. The Caterpillar dealership accounted for just over half of the increase. Sales from the Ontario territory reached a new high, up 8% from 1998. Lower equipment sales in the Newfoundland territory more than offset a 10% increase in its product support revenues. The Battlefield rental services business reported 36% higher revenues, with two-thirds of the growth attributable to an increase in same-store sales and the remainder from full year inclusion of revenues from businesses acquired during 1998.

Two new rental services branches were opened during 1999, one in downtown Toronto and one in Windsor.

The population of Caterpillar machinery in Toromont's market has progressively increased over the years. This larger installed base nurtures product support (parts and service) business. Product support revenues were almost double those of five years ago. In 1999, revenues increased by 11% to $135 million on growth in every region. Broader product offerings, continued emphasis on customer service agreements and increased field population of equipment, will continue to support this revenue source in coming years.

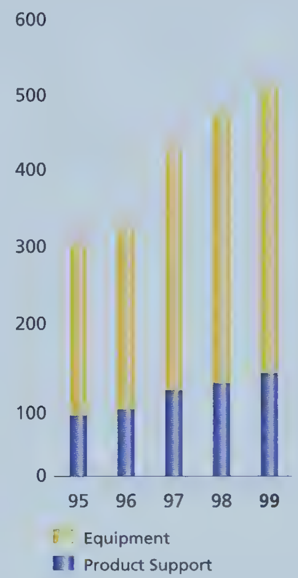
Tractor machine sales and rentals, representing over 70% of the dealership's machine revenues, were slightly lower than in 1998. While new sales were down in 1999, sales of used equipment were up 8% following a 12% increase in 1998. From an industry perspective, activity in the mining, forestry and steel sectors was lower than a year ago, while road building, infrastructure, commercial and residential construction activity remained strong. From a geographic standpoint, revenues in central and eastern Ontario were at record levels (up 12% overall from 1998), while the North and Newfoundland were down 5% and 12% respectively. As expected, the southwest Ontario region was also below last year, primarily due to very strong equipment sales to the steel industry in 1998. This region was still above the levels of the previous three years.

Industrial engine package revenues, excluding those to co-generation and district energy projects, were more than double 1998 on excellent standby and remote power sales, supported by Year 2000-related demand. Power Systems (industrial and truck) product support revenues reached a record level.

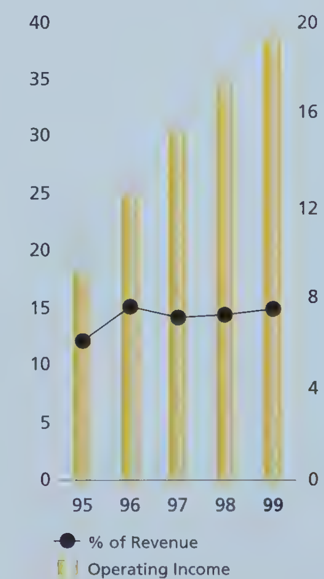
Equipment Group operating income improved by 11% on the 7% higher revenues. This record operating income was attributable to the higher revenues and improved margins in both the dealership and the rental services business. Relative to sales, operating income for the Equipment Group increased to 7.5% for 1999 despite significant investments in facilities, information technology and continued expansion of the rental fleet.

Equipment Group capital expenditures were approximately $50 million in 1999. Investment in power generation assets accounted for $20 million of this amount, bringing the Company's investment in power assets to $22 million at December 31, 1999. Battlefield expenditures of $20 million included $16 million in rental fleet additions, with most of the balance representing expenditures on facilities and delivery vehicles. Capital expenditures in the Caterpillar

Equipment Group Revenues
($ millions)

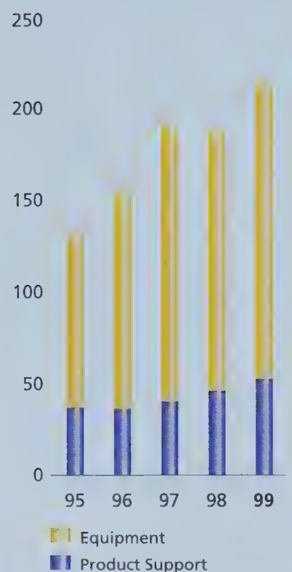


Equipment Group Operating Income
($ millions) *(%)*



dealership included $6 million on new and existing facilities and $4 million on information technology, machinery and equipment, and vehicle purchases.

Refrigeration Group Revenues*
($ millions)



*Excluding Commercial refrigeration

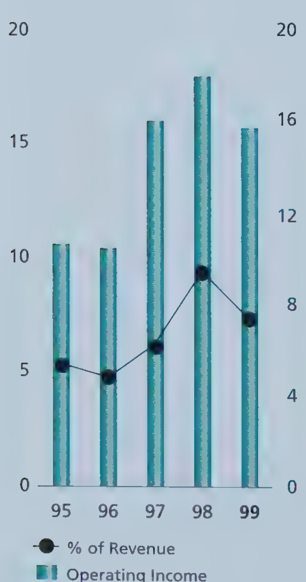
Refrigeration Group

Refrigeration revenues reached $214 million, a 14% increase on a comparable basis with 1998. Revenues from the sale of refrigeration packages were up 11%, with a 39% increase in industrial and recreational business being partially offset by an 8% decline in process refrigeration sales. Product support revenues were 14% higher at $53 million, representing a 17% increase in industrial and recreational and an 8% increase in the process operations.

Industrial, representing two thirds of total Refrigeration, reported a 32% increase in revenues —the best in its eighty-six year history. Most segments of the industrial markets have remained strong, including food processing, cold storage, dairy, beverage and bakery. The ice rink business, which accounts for approximately 40% of the Industrial total, has remained brisk with continued growth in the United States and international markets.

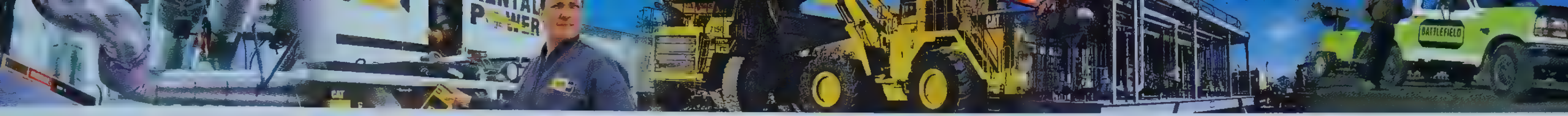
Lower Process refrigeration revenues were attributable to reduced packaged equipment sales in both the Canadian and U.S. operations. Weaker Canadian revenues resulted from softer demand in the oil and gas sector during the first half of 1999. Activity increased during the third and fourth quarters, such that the order backlog ended the year at three times the relatively low level of a year ago. Revenues from sale of equipment packages in the U.S. operations were lower than 1998 with the continued lack of business from Asian markets, and large orders delivered to Germany and Spain in 1998 that did not repeat. Order backlog for the U.S. operations also ended 1999 higher than a year ago. Product support activities, which relative to the Industrial sector make up a significantly lower proportion of total revenues, were also stronger.

Refrigeration Group Operating Income
($ millions) *(%)*



Operating income of $15 million decreased 13% in 1999 on the higher revenues. Relative to sales, operating income declined to 7.3% from the exceptional 8.6% reported in 1998, when several large projects in Process refrigeration positively skewed results. Lower operating income in 1999 primarily reflects reduced margins on larger industrial and recreational projects completed in the fourth quarter, and lower results from Process during the first half.

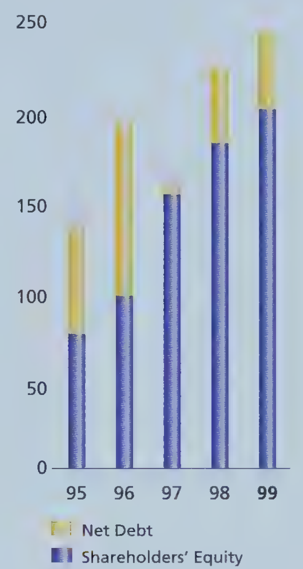
Capital expenditures in the Refrigeration Group were $2 million in both 1999 and 1998. Investment in new shop equipment and information systems development across the business units accounted for the majority of expenditures.



Liquidity and Capital Resources

Toromont's financial position strengthened during 1999. With the benefit of another year of healthy earnings, equity increased 11% to surpass the $200 million milestone. The Company's primary source of short-term financing is derived from internally generated funds, complemented by draws on credit facilities. The 1999 debt financing raised facilities inclusive of bank lines to just under $200 million. $74 million of this has not yet been utilized. All of the Company's debt has been fixed at rates that average 7%. Total debt, net of cash and short-term investments, was $41 million at December 31, 1999, representing just 20% of equity. In addition to unutilized credit facilities noted above, the Company had cash and short-term investments of $79 million at year-end.

Capital Structure
($ millions)

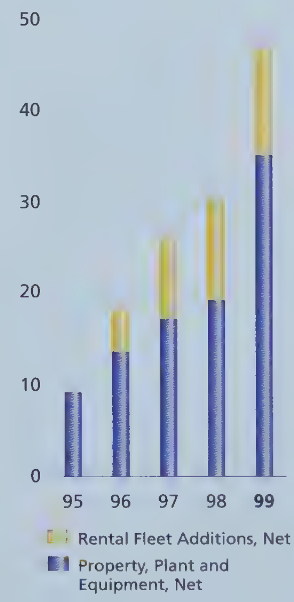


Operating activities remain a substantial source of funds. In 1999, cash from operations was a record $49 million ($1.67 per share). Change in non-cash working capital provided an additional $11 million, representing lower equipment inventory in the Caterpillar dealership. Operating activities overall generated $60 million in cash.

Capital Expenditures *($000s)*	**1999**	1998	1997
Property, Plant & Equipment	**$ 35,636**	$ 20,243	$ 17,598
Rental Equipment	**16,510**	16,064	12,029
Total	**$ 52,146**	$ 36,307	$ 29,627

Capital expenditures for 1999 were $52 million, consisting of $36 million in property, plant and equipment and the balance on additions to the rental fleet. The property, plant and equipment expenditures include $20 million invested in energy assets (1998 – $2 million). Excluding power generation assets, additions to property, plant and equipment were $16 million, compared to $18 million in each of 1998 and 1997. Rental fleet additions were comparable to 1998. Capital expenditures, net of sale proceeds, were $46 million in 1999.

Capital Expenditures, Net
($ millions)

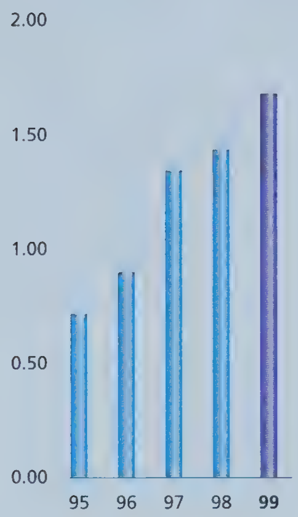


Excluding investment in power generation assets, plans for 2000 contemplate approximately $30 million in expenditures on property, plant and equipment and rental fleet combined, compared to the $32 million spent in 1999. In addition, we expect to invest more than $30 million in power generation assets during 2000.

Net cash inflows from financing activities were $39 million in 1999. Proceeds of $60 million from the first quarter debenture issue were partially offset by a $9 million reduction in bank indebtedness, $8 million in dividend payments and $4 million for shares purchased for cancellation and settlement of options. Toromont pays quarterly dividends on its outstanding

common shares, a policy which is reviewed on an ongoing basis based upon earnings prospects, financial requirements and general economic circumstances.

Operating Cash Flow Per Share
(dollars)



The Company has recently announced a 14% increase in the regular quarterly dividend, effective April 3, 2000, representing the eleventh consecutive year of higher pay out.

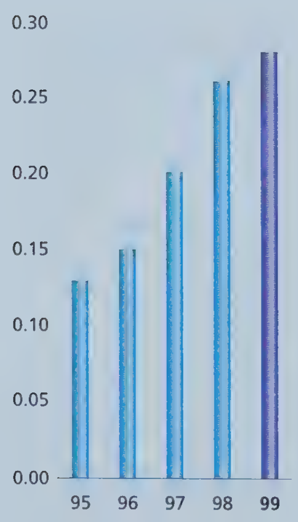
Risks and Uncertainties

Toromont's financial performance may be influenced either favourably or adversely by certain factors which may specifically affect one or more of its business segments. The following paragraphs review the key business risks and uncertainties.

Business Cycle

Historically, expenditures on capital goods have been cyclical in nature, reflecting the level of interest rates, corporate profitability and availability of equity capital. Toromont's business has been diversified across a wide range of industry segments and geographic territories to moderate the effects of business cycles on consolidated results. Across both operating segments, the Company has concentrated on growing the installed base of equipment in its markets, and has focused on the sale of specialized equipment that requires ongoing support through parts distribution and skilled service personnel. These strategies should help to mitigate downturns in the business cycle. The product support business contributes higher profit margins and is subject to less volatility than equipment supply activities.

Dividends Per Share
(dollars)



Interest Rates

Interest rate risk has been reduced through the use of swap agreements with traditional banking sources, and the issue of debentures with long-term maturities at fixed rates. The Company utilizes centralized cash management systems to mobilize cash, minimize short-term interest expense and ensure control over its cash resources. Excess cash is invested to optimize returns until the funds are required.

Currency Fluctuations

The Caterpillar dealership and equipment rental operations source the majority of their products from the United States. In addition, the Canadian Refrigeration business units purchase certain raw materials and components from suppliers in the United States and Japan. Consequently, reported costs of inventory and the transaction prices charged to customers for equipment and parts are affected by the relative strength of the Canadian dollar. Pricing to the Caterpillar dealership's customers is adjusted to reflect changes in the Canadian dollar landed

cost of products from Caterpillar Inc., although sustained weakness in the Canadian dollar could adversely affect margins in the short term. Refrigeration business units are also generally able to recover the cost of exchange rate movements through adjustments to selling prices.

Fluctuations in the value of the U.S. dollar relative to the Canadian dollar also affect Toromont's financial reporting, as the financial results of subsidiaries in the United States are translated into Canadian dollars upon consolidation. However, such exchange rate fluctuations have historically not been material relative to the overall earnings or financial position of the Company.

Product and Supply

The majority of the Caterpillar dealership's revenues and product support activities involve Caterpillar products. Toromont maintains an excellent relationship with Caterpillar and management expects this will continue going forward.

The Year 2000

Many computerized systems use two digits rather than four to identify a year. Moving into the year 2000, the potential existed that date-sensitive systems might recognize the year 2000 as 1900 or some other date, causing errors when information using year 2000 dates were processed. Furthermore, it was possible that similar problems would arise in some systems where certain dates in 1999 were used to represent something other than a date. The date change has now taken place. Toromont has not experienced any consequential disruptions or failures in any of its operations, or with respect to dealings with other third parties. Although the change in date has taken place without incident, it is possible that there may be some aspects of the Year 2000 issue that could affect the Company, its customers, suppliers, or other third parties. The Company will continue to carefully monitor this issue, and has formal contingency plans in place should problems arise. The cost of complying with Year 2000 readiness, which has been expensed as incurred, has not been material to the Company's financial position and results of operations in any given year.

Outlook

Recoveries underway in Asia suggest that global growth will strengthen over the next two years. While North American growth is expected to be modestly lower than that experienced in 1998 and 1999, the current economic picture is conducive to yet another good year of demand for Toromont's products and services. The Canadian economy is healthy, and its currency may benefit should there be further recovery in commodity prices. Relative to other

economies, Ontario should remain an above-average performer, assuming a continued favourable performance for the U.S. economy. The primary threat to this positive outlook is the potential for higher interest rates that would dampen economic activity.

Management believes there remains significant potential for internal growth based on a number of factors. Economic forecasts are positive in our key territories. Construction, particularly in Ontario, is expected to continue to be strong, with major road building and new housing and commercial construction stimulating heavy equipment usage. Conditions are improving for the oil and natural gas industries which should benefit Toromont Process as the year progresses. In addition, we continue to find opportunities for new business in industrial and recreational refrigeration throughout North America, fuelled by modernization and consolidation trends in the industry.

With its strong financial and operating platform, the Company is in an excellent position to pursue both internal growth initiatives and acquisitions. It also intends to capitalize on opportunities that arise in the next phase of the business cycle.

Toromont will remain focused on maintaining a strong balance sheet and achieving its long-term objective of a minimum 15% return on shareholders' equity through the business cycle. The Company will continue to aggressively deploy capital to build shareholder value.

Management's Responsibility for Financial Information

The accompanying consolidated financial statements and all information in the Annual Report have been prepared by management and approved by the Board of Directors of the Company. The consolidated financial statements were prepared in accordance with generally accepted accounting principles and, where appropriate, reflect management's best estimates and judgments. Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality and for the consistency of financial data included in the text of the Annual Report with that contained in the consolidated financial statements.

To assist management in the discharge of these responsibilities, the Company maintains a system of internal controls designed to provide reasonable assurance that accounting records are reliable and its assets are safeguarded.

The Audit Committee, which is comprised exclusively of outside directors, is appointed annually by the Board of Directors. The Audit Committee meets with management as well as with external auditors to satisfy itself that management is properly discharging its financial reporting responsibilities and to review the consolidated financial statements and the independent auditors' report. The Audit Committee reports its findings to the Board of Directors for consideration in approving the consolidated financial statements for presentation to the shareholders. The external auditors have direct access to the Audit Committee of the Board of Directors.

The consolidated financial statements have been independently audited by Ernst & Young LLP on behalf of the shareholders, in accordance with generally accepted auditing standards. Their report outlines the nature of their audit and expresses their opinion on the consolidated financial statements of the Company.

WAYNE S. HILL, *Vice President, Finance and Chief Financial Officer*
January 24, 2000

Auditors' Report

To the Shareholders of Toromont Industries Ltd.

We have audited the consolidated balance sheets of Toromont Industries Ltd. as at December 31, 1999 and 1998 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

TORONTO, CANADA
January 24, 2000

ERNST & YOUNG LLP
Chartered Accountants

Consolidated Balance Sheets

December 31 *Thousands*	**1999**	1998
Assets		
Current assets		
Cash	**$ 11,082**	$ 6,214
Short-term investments	**67,755**	22,368
Accounts receivable	**122,954**	110,607
Inventories (Note 4)	**177,094**	185,285
Income taxes recoverable	**3,533**	8,412
Other current assets	**3,513**	2,215
Total current assets	**385,931**	335,101
Property, plant and equipment (Note 5)	**101,126**	75,511
Rental equipment (Note 6)	**37,373**	31,117
Other assets	**3,620**	1,243
	$ 528,050	$ 442,972
Liabilities		
Current liabilities		
Bank indebtedness (Note 7)	**$ —**	$ 8,940
Accounts payable and accrued liabilities	**187,736**	181,931
Current portion of long-term debt (Note 7)	**—**	121
Income taxes payable	**6,454**	—
Total current liabilities	**194,190**	190,992
Long-term debt (Note 7)	**120,000**	60,000
Deferred income taxes	**10,798**	8,384
Shareholders' Equity		
Share capital (Note 9)	**28,074**	28,238
Retained earnings	**174,040**	153,416
Currency translation adjustment	**948**	1,942
Total shareholders' equity	**203,062**	183,596
	$ 528,050	$ 442,972

Approved by the Board:

ROBERT M. OGILVIE
Director

JOHN S. McCALLUM
Director

Consolidated Statements of Earnings

Years Ended December 31

Thousands, except share data	**1999**	1998
Revenues	**$ 723,937**	$ 683,482
Cost of goods sold	**578,232**	539,091
Gross profit	**145,705**	144,391
Selling and administrative expenses	**91,935**	92,187
Earnings before the following	**53,770**	52,204
Interest expense (Note 7)	**8,366**	6,050
Interest and investment income	**(10,140)**	(4,140)
Gain on sale of non-strategic business (Note 3)	**—**	16,015
Income before income taxes	**55,544**	66,309
Income taxes (Notes 3 and 11)	**23,487**	28,121
Net earnings	**$ 32,057**	$ 38,188
Earnings per share (Notes 9 and 10)		
Basic	**$ 1.09**	$ 1.30
Fully diluted	**$ 1.05**	$ 1.24
Weighted average shares	**29,344,114**	29,430,101

Consolidated Statements of Retained Earnings

Years Ended December 31

Thousands	**1999**	1998
Retained earnings, beginning of year	**$ 153,416**	$ 126,000
Net earnings	**32,057**	38,188
	185,473	164,188
Dividends	**8,213**	7,650
Settlement of options	**813**	3,018
Shares purchased for cancellation (Note 9)	**2,407**	104
Retained earnings, end of year	**$ 174,040**	$ 153,416

Consolidated Statements of Cash Flows

Years Ended December 31 *Thousands*	1999	1998
Sources (Uses) of Cash		
Operating Activities		
Net earnings	**$ 32,057**	$ 38,188
Items not requiring cash		
Depreciation	**15,898**	14,900
Deferred income taxes	**2,414**	515
Gain on sale of rental equipment and property, plant and equipment	**(1,343)**	(1,576)
Gain on sale of non-strategic business	**—**	(9,946)
	49,026	42,081
Change in non-cash working capital and other	**10,569**	(27,456)
	59,595	14,625
Investment Activities		
Short-term investments	**(45,387)**	(7,368)
Additions to property, plant and equipment	**(35,636)**	(20,243)
Additions to rental equipment	**(16,510)**	(16,064)
Increase in other assets	**(2,377)**	(842)
Income tax payments on sale of non-strategic businesses (Note 3)	**—**	(30,428)
Business acquisitions (Note 2)	**—**	(5,171)
Sale of rental equipment	**5,218**	4,542
Sale of property, plant and equipment	**502**	1,084
Proceeds from sale of non-strategic business (Note 3)	**—**	26,780
	(94,190)	(47,710)
Financing Activities		
(Decrease) increase in bank indebtedness	**(8,940)**	8,940
Dividends	**(8,213)**	(7,650)
Shares purchased for cancellation (Note 9)	**(2,571)**	(111)
Settlement of options	**(813)**	(3,018)
Issue of long-term debt (Note 7)	**60,000**	—
Shares issued on exercise of options (Note 9)	**—**	184
	39,463	(1,655)
Cash		
Increase (decrease) during year	**4,868**	(34,740)
Beginning of year	**6,214**	40,954
End of year	**$ 11,082**	$ 6,214

In 1999 the Company paid interest of $7,394,000 (1998 – $6,109,000) and paid income taxes of $12,288,000 (1998 – $59,125,000).

December 31, 1999 and 1998

1. Significant Accounting Policies

The consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada.

Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Significant transactions and profits between the Company and its subsidiaries have been eliminated.

Translation of Foreign Currencies

The accounts of foreign subsidiaries are translated into Canadian funds using current rates of exchange for assets and liabilities and average rates for revenue and expense. The unrealized translation gains or losses arising on the net investment in these operations are accumulated in the currency translation adjustment account in shareholders' equity.

Revenue Recognition

Revenues from equipment supply involving design, manufacture and installation are recorded on the completed contract method based upon substantial technical completion. Any foreseeable losses on such projects are charged to operations at the time they become evident.

Revenues from equipment sales are recorded upon shipment of equipment. Equipment rental revenues are recognized as billed to customers.

Revenues from the sale or transfer of manufactured products, parts and services are recorded when goods are shipped and services are rendered.

Inventories

Inventories are recorded at the lower of cost and net realizable value. Cost is determined on a specific item, actual cost basis. Repair and distribution parts are recorded at the lower of cost (weighted average) and net realizable value.

Property, Plant and Equipment and Rental Equipment

Property, plant and equipment are recorded at cost. Depreciation is provided principally using the straight-line method over the estimated useful lives of the various classes of assets as follows:

Buildings	20 – 30 years
Machinery	3 – 10 years
EDP equipment	3 years
Furniture & fixtures	3 – 5 years
Vehicles	3 – 5 years

Rental equipment is recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the equipment, which ranges from 1 to 10 years. Prior to 1999, depreciation was provided using the declining balance method. The effect of this change on the financial statements is not material.

2. Business Acquisitions

During 1998, five rental equipment businesses were purchased. The acquisitions were accounted for using the purchase method and are included in the accounts of the Company from the dates of acquisition, summarized as follows:

Thousands	1998
Current assets	$ 1,622
Fixed assets	5,169
Assumption of liabilities	(1,195)
Total consideration	$ 5,596

The aggregate consideration is summarized as follows:

Thousands	1998
Cash	$ 5,171
Shares issued	425
Total consideration	$ 5,596

3. Gain on Sale of Non-Strategic Businesses

Effective April 30, 1998 the Commercial refrigeration operations were sold at a gain of $9.9 million, as summarized below.

Thousands	1998
Proceeds on sale	$ 26,780
Carrying value and costs of disposition	(10,765)
Gain before income taxes	16,015
Income taxes	(6,069)
After tax gain	$ 9,946

In addition to the taxes paid with respect to the above gain, the Company paid income taxes of $24,359,000 in connection with the February 1997 sale of its investment in Enerflex.

4. Inventories

Thousands	**1999**	1998
Equipment	**$ 134,969**	$ 147,838
Repair and distribution parts	**30,803**	29,279
Raw material	**5,263**	3,390
Work-in-process	**23,929**	16,931
Progress billings and deposits	**(17,870)**	(12,153)
	$ 177,094	$ 185,285

5. Property, Plant and Equipment

Thousands	**1999**	1998
Land	**$ 17,347**	$ 17,038
Buildings	**58,683**	50,033
Equipment	**69,776**	44,238
	145,806	111,309
Accumulated depreciation	**(44,680)**	(35,798)
	$ 101,126	$ 75,511

6. Rental Equipment

Thousands	**1999**	1998
Cost	**$ 53,176**	$ 42,238
Accumulated depreciation	**(15,803)**	(11,121)
	$ 37,373	$ 31,117

7. Bank Indebtedness and Long-term Debt

Thousands	1999	1998
Bank indebtedness	$ —	$ 8,940
Long-term debt		
– Drawn on bank term facility	**30,000**	30,000
– Senior Debentures	**90,000**	30,000
– Notes payable and mortgage loans	—	121
	120,000	60,121
Less current portion	—	121
Total long-term debt	**$ 120,000**	$ 60,000

All debt is unsecured.

The Company maintains $107,000,000 in bank credit lines. The credit lines are comprised of a $30,000,000 term facility maturing on September 1, 2001, and $77,000,000 in operating facilities which are repayable on demand and bear interest at rates ranging from prime to bankers acceptance rates. $30,000,000 was drawn on bank lines at December 31, 1999 (1998 – $38,940,000). Standby letters of credit issued in lieu of holdbacks utilized an additional $2,549,000 of the credit lines at December 31, 1999 (1998 – $3,019,000).

Terms of the $90 million of Senior Debentures are:

- $30 million, 8.17% Senior Debentures due September 18, 2008, bearing interest payable semi-annually through September 18, 2004; thereafter, blended principal and interest payments through to maturity.
- $45 million, 6.80% Senior Debentures due March 29, 2011, bearing interest payable semi-annually through March 29, 2007; thereafter, blended principal and interest payments through to maturity.
- $15 million, 7.06% Senior Debentures due March 29, 2019, bearing interest payable semi-annually through September 29, 2009; thereafter, blended principal and interest payments through to maturity.

The above credit arrangements include covenants, restrictions and events of default usual in credit facilities of this nature, including requirements to meet certain financial tests periodically and restrictions on additional indebtedness and encumbrances.

Scheduled principal repayments of long-term debt are as follows:

Thousands	
2001	$ 30,000
2002	—
2003	—
2004	2,825
2005 to 2019	87,175

Interest expense includes interest on debt initially incurred for a term greater than one year of $7,354,000 in 1999 (1998 – $4,415,000).

8. Financial Instruments

The fair value of the $90 million Senior Debentures at December 31, 1999 was $87,991,000 (1998 – $30 million unsecured debentures with a fair value of $33,280,000), based on the amount the Company would hypothetically pay to exchange the debt agreements at the reporting date. The Company has no plans to unwind any of its long-term debt commitments prior to maturity.

The Company does not have any significant concentration of credit risk with counterparties. Derivative instruments are undertaken only to hedge specific financial transactions and not for speculative purposes. Hedging activities are contracted with Canadian Schedule A chartered banks as counterparties. Transactions are limited to the following:

Foreign Exchange Contracts

In the normal course of business, foreign exchange contracts are entered into with financial institutions to hedge the value of foreign currency denominated assets, liabilities or future commitments. Gains and losses arising from these contracts offset the losses and gains from the underlying hedged transactions. At December 31, 1999, foreign exchange contracts were outstanding to purchase US$23,139,000 against future commitments at an average rate of 1.46 (1998 – US$20,127,000 at 1.53), all with maturities of less than one year. The related unrealized losses or gains for such contracts were not material for either year presented.

Interest Rate Swap Agreements

At December 31, 1999 and 1998, $30 million of interest rate swap agreements were outstanding with the Company's Canadian chartered banks. These transactions mature September 1, 2008, and provide fixed rate financing at 5.88% in exchange for floating rate obligations. The fair value of the swaps outstanding at December 31, 1999 was $1,206,000 in favour of the Company (1998 – $1,555,000 in favour of the counterparties).

9. Share Capital

Share capital consists of an unlimited number of authorized preferred and common shares.

Share capital transactions are summarized as follows:

	1999		1998	
	Number of shares	**Amount *(Thousands)***	Number of shares	Amount *(Thousands)*
Balance, beginning of year	**29,458,210**	**$ 28,238**	29,398,868	$ 27,636
Consideration for acquisitions	**—**	**—**	24,442	425
Exercise of stock options	**—**	**—**	41,900	184
Purchase of shares for cancellation	**(170,112)**	**(164)**	(7,000)	(7)
Balance, end of year	**29,288,098**	**$ 28,074**	29,458,210	$ 28,238

Executive Stock Option Plan

The aggregate number of common shares that may be issued by the Company upon the exercise of options is limited by the Plan to 2,920,000. Options are vested at 20% of the number of shares granted under option in each year subsequent to grant date. The exercise price of each option is fixed at prevailing market prices of the Company's common shares at the date the option is granted. The holder of options has the right to elect either to exercise options by purchasing shares at the exercise price, or upon the Company's approval, elect to surrender the options and receive a cash payment equal to the difference between the then current market price and the price of the options.

A reconciliation of the changes in stock options outstanding during the years ending December 31, 1999 and 1998, and the balance of options exercisable at those dates, is presented below:

	1999		1998	
Stock Options	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	**2,125,900**	**$ 8.50**	2,283,800	$ 6.87
Granted	**234,500**	**14.17**	222,000	16.96
Exercised or surrendered for cash	**(101,900)**	**4.04**	(358,300)	3.51
Forfeited	**(11,200)**	**11.71**	(21,600)	5.61
Outstanding at end of year	**2,247,300**	**$ 9.28**	2,125,900	$ 8.50
Options exercisable at year-end	**1,290,880**		979,320	

The following table provides further detail with respect to the options outstanding and the options exercisable at December 31, 1999:

Options Outstanding			Options Exercisable	
Number Outstanding at Dec. 31, 1999	Weighted-Average Remaining Life in Years	Weighted-Average Exercise Price	Number Exercisable at Dec. 31, 1999	Weighted-Average Exercise Price
20,000	0.4	$ 2.57	20,000	$ 2.57
408,000	1.1	4.24	408,000	4.24
438,000	2.1	5.76	350,400	5.76
486,800	3.1	7.44	292,080	7.44
422,000	4.1	13.35	168,800	13.35
20,000	4.3	13.47	8,000	13.47
234,500	6.1	14.17	—	14.17
202,000	5.1	16.53	40,400	16.53
16,000	5.3	22.44	3,200	22.44
2,247,300	3.3	$ 9.28	1,290,880	$ 7.03

10. Net Earnings and Earnings Per Share

A reconciliation of the net earnings and the earnings per share follows:

Thousands, except per share data	1999	1998
Net earnings		
Operations	**$ 32,057**	$ 28,242
Gain on sale of non-strategic business	**—**	9,946
Total	**$ 32,057**	$ 38,188
Earnings per share		
Basic		
Operations	**$ 1.09**	$ 0.96
Gain on sale of non-strategic business	**—**	0.34
Total	**$ 1.09**	$ 1.30
Fully Diluted		
Operations	**$ 1.05**	$ 0.92
Gain on sale of non-strategic business	**—**	0.32
Total	**$ 1.05**	$ 1.24

11. Income Taxes

The effective income tax rate on earnings is influenced from year to year by the geographic and business mix of consolidated earnings.

A reconciliation of income taxes calculated using a combined Canadian federal and provincial tax rate with the income tax provision in the consolidated financial statements follows:

Thousands	**1999**	1998
Income taxes at Canadian rate	**$ 24,784**	$ 29,587
Difference between Canadian rate and rates applicable to U.S. subsidiaries	**(106)**	(1,617)
Reduction of Canadian taxes applicable to manufacturing profits	**(1,095)**	(727)
Other	**(96)**	878
Provision for income taxes	**$ 23,487**	$ 28,121

12. Commitments

Certain land, buildings and equipment are leased under several non-cancellable operating leases which require minimum annual payments as follows:

Thousands	
2000	$ 3,676
2001	3,130
2002	2,682
2003	1,060
2004	281
2005 and subsequent years	464

13. Segmented Financial Information

The Company operates in Canada and the United States and in two reportable operating segments. The Equipment Group sells and services heavy equipment and also provides a range of rental equipment and contractors' supplies for all facets of construction activities. Refrigeration encompasses the supply of industrial and process refrigeration systems and service for a broad range of low temperature applications. The service operations of all the segments include distribution of related parts.

Operating Segments	Equipment		Refrigeration		Total	
Thousands	**1999**	1998	**1999**	1998	**1999**	1998
Revenues	**$ 510,414**	$ 476,136	**$ 213,523**	$ 207,346	**$ 723,937**	$ 683,482
Earnings before the following	**38,276**	34,466	**15,494**	17,738	**53,770**	52,204
Interest expense					**(8,366)**	(6,050)
Interest & investment income					**10,140**	4,140
Gain on sale of non-strategic business					**—**	16,015
Income taxes					**(23,487)**	(28,121)
Net earnings					**$ 32,057**	$ 38,188
Identifiable assets	**$ 374,993**	$ 341,857	**$ 71,668**	$ 64,382	**$ 446,661**	$ 406,239
Corporate assets					**81,389**	36,733
Total assets					**$ 528,050**	$ 442,972
Capital expenditures	**$ 50,654**	$ 34,194	**$ 1,492**	$ 2,113	**$ 52,146**	$ 36,307
Depreciation	**$ 13,485**	$ 12,050	**$ 2,413**	$ 2,850	**$ 15,898**	$ 14,900

Revenue from Canadian operations totalled $657,232,000 in 1999 (1998 – $597,840,000), of which export revenues in 1999 were $31,338,000 (1998 – $24,005,000). Property, plant and equipment and rental equipment in the Canadian operations totalled $131,409,000 at December 31, 1999 (1998 – $99,223,000).

U.S. operations contributed revenues of $66,705,000 in 1999 (1998 – $85,642,000) including export revenues of $5,261,000 in 1999 (1998 – $15,140,000). Property, plant and equipment in the U.S. operations totalled $7,090,000 in 1999 (1998 – $7,405,000).

14. Economic Relationship

The Company, through its Caterpillar dealerships, sells and services heavy equipment and related parts. Distribution agreements are maintained with several equipment manufacturers, of which the most significant are with subsidiaries of Caterpillar Inc. The distribution and servicing of Caterpillar products accounts for the major portion of the dealerships' operations.

15. Year 2000

Many computerized systems use two digits rather than four to identify a year. Moving into the year 2000, the potential existed that date-sensitive systems might recognize the year 2000 as 1900 or some other date, causing errors when information using year 2000 dates were processed. Furthermore, it was possible that similar problems would arise in some systems where certain dates in 1999 were used to represent something other than a date. The date change has now taken place. The Company has not experienced any consequential disruptions or failures in any of its operations, or with respect to dealings with other third parties. Although the change in date has taken place without incident, it is possible that there may be some aspects of the Year 2000 issue that could affect the Company, including those related to customers, suppliers, or other third parties. The Company will continue to carefully monitor this issue.

16. Comparative Amounts

The comparative consolidated statements of cash flow have been restated to separately disclose the Company's short-term investing activities, and to exclude the issuance of common shares as partial consideration for business acquisitions, as required by the new CICA accounting recommendations. Certain other comparative numbers have been reclassified to conform to the presentation in the current year.

Summary of Quarterly Data

Unaudited

Thousands, except share data

Fiscal 1999	**Q1**	**Q2**	**Q3**	**Q4**	**Year**
Revenues	**$ 152,967**	**$ 192,761**	**$ 186,879**	**$ 191,330**	**$ 723,937**
Net earnings	**4,191**	**7,863**	**9,581**	**10,422**	**32,057**
Basic earnings per share	**$ 0.14**	**$ 0.27**	**$ 0.33**	**$ 0.35**	**$ 1.09**

Fiscal 1998	Q1	Q2	Q3	Q4	Year
Revenues	$ 162,989	$ 177,219	$ 166,409	$ 176,865	$ 683,482
Net earnings	4,175*	7,561	6,721	9,785	28,242*
Basic earnings per share	$ 0.14*	$ 0.26	$ 0.23	$ 0.33	$ 0.96*

* Net earnings and basic earnings per share exclude the gain on sale of non-strategic business of $9,946 ($0.34 basic earnings per share).

	1999	1998	1997
Operating results *Thousands of dollars*			
Revenues	**723,937**	683,482	684,716
Net earnings from continuing operations	**32,057**	28,242	25,674
Discontinued operations	**—**	—	—
Unusual items	**—**	9,946	35,159
Net earnings	**32,057**	38,188	60,833
Interest expense, net	**(1,774)**	1,910	2,424
Depreciation	**15,898**	14,900	11,667
Capital expenditures	**52,146**	36,307	29,627
Dividends declared	**8,213**	7,650	5,859
Financial position *Thousands of dollars*			
Working capital	**191,741**	144,109	138,458
Property, plant and equipment	**101,626**	75,511	63,799
Total assets	**528,050**	442,972	434,341
Long-term debt	**120,000**	60,000	60,000
Shareholders' equity	**203,062**	183,596	155,821
Financial ratios			
Working capital	**2.0:1**	1.8:1	1.7:1
Return on opening shareholders' equity (%)	**17.5**	24.5	60.6
Long-term debt to shareholders' equity	**.6:1**	.3:1	.4:1
Per share data			
Earnings from continuing operations ($)	**1.09**	0.96	0.88
Discontinued operations ($)	**—**	—	—
Unusual items ($)	**—**	0.34	1.20
Net earnings ($)	**1.09**	1.30	2.08
Dividends declared ($)	**0.28**	0.26	0.20
Equity ($)	**6.93**	6.23	5.30
Shares outstanding at year-end	**29,288,098**	29,458,210	29,398,868
Price range ($)			
– high	**19.90**	23.00	18.40
– low	**13.75**	14.25	12.68
– close	**16.25**	15.75	16.50

Notes

(1) Includes the results of Newfoundland Tractor from November 1, 1996.

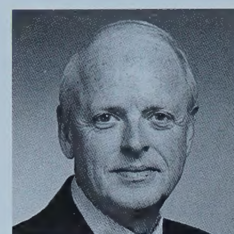
(2) Includes the results of the Ontario Caterpillar Dealership from August 1, 1993, 51% of Enerflex Systems Ltd. to September 21, 1993 and 30% of earnings for the remainder of 1993.

(3) Includes special dividend of $0.063 per share.

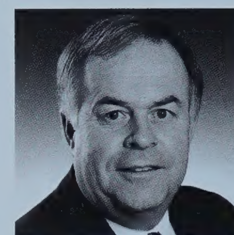
1996[1]	1995	1994	1993[2]	1992	1991	1990	1989
542,477	496,648	416,489	279,050	184,285	185,629	192,083	178,429
21,905	19,521	17,336	6,460	3,454	3,322	3,520	2,982
—	—	—	—	—	—	—	—
—	—	—	1,302	—	—	—	—
21,905	19,521	17,336	7,762	3,454	3,322	3,520	2,982
5,213	3,061	3,651	3,396	2,501	2,658	3,522	4,227
10,327	6,772	6,334	4,867	3,807	3,501	2,619	2,373
20,632	9,373	22,004	5,303	6,564	5,325	8,070	4,107
4,382	3,757	2,312	1,680	2,874[3]	1,306	1,281	1,190
96,294	71,001	63,660	63,401	23,428	20,476	19,384	18,051
53,750	34,179	31,772	16,960	22,737	22,540	22,449	17,988
318,287	262,616	211,531	146,585	86,562	76,316	85,163	78,815
60,806	41,240	42,625	40,000	17,614	16,337	19,658	18,535
100,305	79,680	64,460	48,909	25,958	24,797	22,700	20,832
1.6:1	1.5:1	1.6:1	2.2:1	1.8:1	1.9:1	1.6:1	1.6:1
27.5	30.3	35.4	23.5	13.9	14.6	16.9	15.6
.6:1	.5:1	.7:1	.8:1	.7:1	.7:1	.9:1	.9:1
0.75	0.68	0.60	0.25	0.15	0.14	0.15	0.13
—	—	—	—	—	—	—	—
—	—	—	0.05	—	—	—	—
0.75	0.68	0.60	0.30	0.15	0.14	0.15	0.13
0.15	0.13	0.08	0.07	0.12[3]	0.06	0.06	0.05
3.43	2.76	2.23	1.69	1.10	1.05	0.96	0.87
29,268,268	28,878,168	28,900,168	28,900,168	23,700,168	23,716,968	23,636,968	23,908,968
13.63	8.63	6.69	4.30	2.00	1.74	1.56	1.50
7.13	5.56	4.10	1.97	1.56	1.28	1.13	1.25
13.38	7.38	6.69	4.19	2.00	1.56	1.38	1.50

The Board of Directors

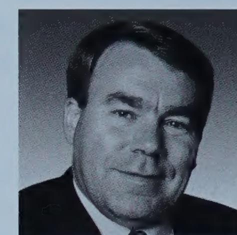
▲●
ROBERT M. FRANKLIN
Chairman
Placer Dome Inc.
Toronto, Ontario



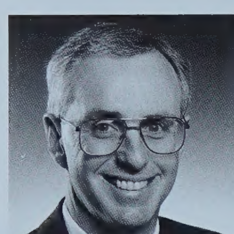
RONALD G. GAGE, FCA
Corporate Director
Toronto, Ontario



WAYNE S. HILL
Vice President, Finance and
Chief Financial Officer
Toromont Industries Ltd.
Toronto, Ontario

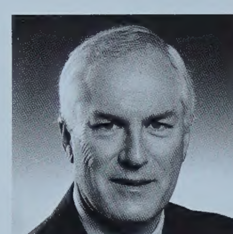


▲
H. STANLEY MARSHALL
President and
Chief Executive Officer
Fortis Inc.
Topsail, Newfoundland

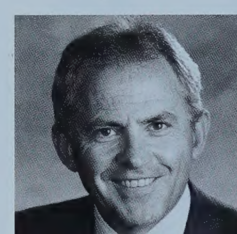


●
JOHN S. MCCALLUM
Professor,
Faculty of Management
University of Manitoba
and Chairman,
Manitoba Hydro
Winnipeg, Manitoba

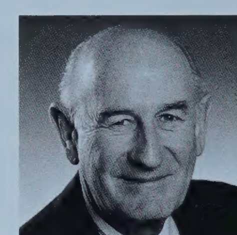
Chairman
Audit Committee



ROBERT M. OGILVIE
Chairman and
Chief Executive Officer
Toromont Industries Ltd.
Caledon East, Ontario



HUGO T. SØRENSEN
President and
Chief Operating Officer
Toromont Industries Ltd.
Caledon East, Ontario



●▲
RONALD G. WILLOX
Toronto, Ontario

Lead Director

Chairman
Human Resources and
Compensation Committee

Officers of the Corporation

ROBERT M. OGILVIE
Chairman and Chief Executive Officer
bogilvie@toromont.com

HUGO T. SØRENSEN
President and Chief Operating Officer
hsorensen@toromont.com

WAYNE S. HILL
Vice President, Finance and Chief Financial Officer
whill@toromont.com

● Member of Audit Committee

▲ Member of Human Resources & Compensation Committee

Equipment Group

Toromont CAT

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Tel: (416) 667-5511
Fax: (416) 667-5555
H.T. SØRENSEN
President

Toromont Energy

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Concord, Ontario
L4K 4Y2
Tel: (416) 667-5600
Fax: (416) 667-5694
S.M. CHEBIB
Vice President &
General Manager

Battlefield Equipment Rentals

880 South Service Road
Stoney Creek, Ontario
L8H 7S8
Tel: (905) 577-7777
Fax: (905) 643-6008
W.R. ATTWELL
President

Refrigeration Group

Aero Tech Mfg. Inc.

395 West 1100 North
North Salt Lake, Utah 84054
Tel: (801) 292-0493
Fax: (801) 292-9908
T.J. RILEY
President

CIMCO Refrigeration

65 Villiers Street
Toronto, Ontario
M5A 3S1
Tel: (416) 465-7581
Fax: (416) 465-8815
S.D. MCLEOD
President

Lewis Refrigeration Co.

200 Maplewood Street
Malden, Massachusetts 02148
Tel: (781) 322-7460
Fax: (781) 324-9637
S.D. MCLEOD
President

Toromont Process Systems

3615 - 34th Street N.E.
Calgary, Alberta
T1Y 6Z8
Tel: (403) 291-3438
Fax: (403) 291-3443
D.F. DUNCAN
President

Toromont Process Systems Inc.

10815 Telge Road
Houston, Texas 77095
Tel: (281) 345-9300
Fax: (281) 345-7434
D.F. DUNCAN
President

Annual Meeting

The Annual Meeting of Shareholders of Toromont Industries Ltd. will be held in the Auditorium, Toronto Stock Exchange Conference Centre,

The Exchange Tower
130 King Street West
Toronto, Ontario M5X 1J2
at 10:00 a.m. on Thursday, April 13, 2000.

How to get in touch with Toromont

BY TELEPHONE: (416) 667-5511

BY FAX: (416) 667-5555

BY E-MAIL: investorrelations@toromont.com

THE INTERNET: www.toromont.com

TRANSFER AGENT AND REGISTRAR:
Investors are encouraged to contact CIBC Mellon Trust for information regarding their security holdings. They can be reached at:

CIBC Mellon Trust
320 Bay Street
Toronto, Ontario M5H 4A6

ANSWER LINE: (416) 643-5500 or toll-free throughout North America at 1-800-387-0825

INTERNET ADDRESS: www.cibcmellon.com (web site) or inquiries@cibcmellon.com (e-mail)

COMMON SHARES: Listed on The Toronto Stock Exchange Stock Symbol–**TIH**

TOROMONT

Toromont Industries Ltd.
Corporate Office
3131 Highway 7 West
P.O. Box 5511
Concord, Ontario L4K 1B7